

**SOUTH CENTRAL KANSAS
SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDING JUNE 30, 2014

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS
FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Governing Board
South Central Kansas Special Education Cooperative
Pratt, KS 67124

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of South Central Kansas Special Education Cooperative, Pratt, Kansas, as of the year ended June 30, 2014 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit and Accounting Guide and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by South Central Kansas Special Education Cooperative, Pratt, Kansas, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of South Central Kansas Special Education Cooperative, Pratt, Kansas, as of June 30, 2014 or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of South Central Kansas Special Education Cooperative, Pratt, Kansas, as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The individual fund schedules of receipts and expenditures-actual and budget and schedule of receipts, and expenditures, (Schedules 1 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statement of South Central Kansas Special Education Cooperative, Pratt, Kansas, taken as a whole. The accompanying schedule of prior audit findings, schedule of expenditures of federal awards, schedule of findings and questioned costs and corrective action plan are presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Patton, Cramer & LaPrad, Chartered
Certified Public Accountants

September 30, 2014

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Governing Board
South Central Kansas Special Education Cooperative
Pratt, KS 67124

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of South Central Kansas Special Education Cooperative, Pratt, Kansas, and have issued our report thereon dated September 30, 2014. As described in Note 1 of the financial statement, the financial statement is prepared by South Central Kansas Special Education Cooperative, Pratt, Kansas, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of South Central Kansas Special Education Cooperative internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Patton, Cramer & LaPrad, Chartered
Certified Public Accountants

September 30, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Governing Board
South Central Kansas Special Education Cooperative
Pratt, KS 67124

Report on Compliance for Each Major Federal Program

We have audited the South Central Kansas Special Education Cooperative's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2014. As described in Note 1, the Cooperative prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. South Central Kansas Special Education Cooperative major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Central Kansas Special Education Cooperative's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Central Kansas Special Education Cooperative's compliance.

Opinion on Each Major Federal Program

In our opinion, South Central Kansas Special Education Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the South Central Kansas Special Education Cooperative, Pratt, Kansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cooperative's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of South Central Kansas Special Education Cooperative's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance is a deficiency*, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Patton, Cramer & LaPrad, Chartered
Certified Public Accountants

September 30, 2014

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30 2014

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances	Cash Balance
General Fund	\$ 2,500,034	\$ 1,269	\$ 9,632,885	\$ 9,732,064	\$ 2,402,124	\$ 924	\$ 2,403,048
Special Revenue Funds							
Federal Funds	(134)	-	1,473,422	1,473,288	-	-	-
Pre-K Pilot Program	-	-	390,116	390,116	-	-	-
Power Panther	7,125	-	12,025	19,085	65	-	65
ELC Grant	-	-	71,538	94,995	(23,457)	-	(23,457)
Total Reporting Entity	<u>\$ 2,507,025</u>	<u>\$ 1,269</u>	<u>\$ 11,579,986</u>	<u>\$ 11,709,548</u>	<u>\$ 2,378,732</u>	<u>\$ 924</u>	<u>\$ 2,379,656</u>

Composition of Cash

Petty Cash	\$ 2,500
Checking Account	477,923
Time Deposit Account	<u>1,899,233</u>
Total Cash	<u>\$ 2,379,656</u>

The notes to the financial statement are an integral part of this statement

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Municipal Financial Reporting Entity

The South Central Kansas Special Education Cooperative, Pratt, Kansas was formed on April 19, 1982 by an inter-local agreement among eight Unified School Districts for the purpose of providing special education, media services and in-service training for the students and faculty of the member Districts. The Cooperative later expanded and now services fifteen Unified School Districts.

For financial reporting purposes, there are no appointive boards or commissions that are controlled by or dependent on the Cooperative. Control or dependence is determined on the basis of financial accountability, budget adoption, taxing authority, funding and appointment of respective governing boards.

B. Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investment balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a (c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

C. Regulatory Basis Fund Types

General Fund - the chief operating fund, used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of other specific revenue sources that are intended for specified purposes.

D. Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statement and the reported amount of receipts and expenses during the reporting period. Actual results could differ from those estimates.

E. Pension Plans

Substantially, all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a multi-employer state-wide pension plan. The cooperative policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

F. Cash and Investments

The municipality pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the municipality's cash balances. Unless specifically designated, all interest income is credited to the General Fund.

2. DEPOSITS AND INVESTMENTS

As of June 30, 2014 the Cooperative had the following investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		<u>Rating</u>
		<u>(in Years)</u>		
		<u>Less than 1</u>	<u>1-2</u>	
Banking Savings and Time Deposits	\$ 1,899,233	\$ 1,899,233	-	N/A

K.S.A. 9-1401 establishes the depositories which may be used by the Cooperative. The statute requires banks eligible to hold the Cooperative's funds have a main or branch bank in the county in which the Cooperative is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Cooperative has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Cooperative's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Cooperative has no investment policy that would further limit its investment choices. The rating of the Cooperative's

Concentration of Credit Risk

State statutes place no limit on the amount the Cooperative may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-

<u>Investments</u>	<u>Percentage of Investments</u>
Banking Savings and Time Deposits	100%

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Cooperative's deposits may not be returned to it. State statutes require the Cooperative's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated peak periods when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the Cooperative's carrying amount of deposits was \$2,379,656 and the bank balance was \$2,682,664. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, \$2,182,664 was collateralized with securities held by the pledging financial institutions' agents in the Cooperative's name.

Custodial Credit Risk Investment

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

3. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the Cooperative allows certain retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Cooperative is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Cooperative makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for the coverage. The premium is paid in full by the insured.

Termination Benefits - The Cooperative provides no termination benefits for its employee

Compensated Absences

Accumulated Sick Leave

Employees of the Cooperative are allowed to accumulate sick leave to a prescribed level which may be used if they remain in the employment of the cooperative. Employees lose any sick leave remaining above the allowable accumulation level. No payments are made to terminating employees. No amounts have been accrued for accumulated annual sick leave and the amount is not determinable.

Vacation Pay

Full time, twelve month, employees are entitled to various amounts of paid vacation per fiscal year. Vacation days can be accumulated up to 40 days.

Early Retirement Plan

Licensed teachers who have served the last 10 years full time in the Cooperative and meet KPERS retirement requirements are eligible to receive health insurance benefits after retirement for no more than 10 years or until they are eligible for Medicare and/or Medicaid. They may also receive a one time payment of up to \$3,950 for unused sick leave and personal days.

Retirement Benefits

Licensed teachers who have served at least 20 years, and are Medicare eligible, are eligible at retirement to receive a one time payment of \$50 for each unused Sick Leave day and Personal day, up to a maximum of \$3,950. No amounts have been accrued and the amount is not determinable.

Risk Management

The Cooperative is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, error and omissions, injuries to employees, and natural disasters. The Cooperative carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Contingencies and Commitments

In the normal course of operations, the Cooperative participates in various federal and state grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

4. DEFINED BENEFIT PENSION PLAN

Plan Description

The Cooperative participates in the Kansas Public Employees' Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603-3925) or by calling 1-800-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-4921 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Members employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The state of Kansas is required to contribute the statutory required employers share. Kansas contributions to KPERS for school municipality employees for the years ending June 30, 2014, 2013 and 2012 were \$361,575,393, \$323,067,803 and \$298,635,383 respectively, equal to the statutory required contribution for each year.

5. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through September 30, 2014 which is the date the financial statements were available to be issued.

6. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Cash Basis Law Violations

There were no cash basis law violations

All monies were adequately secured during the fiscal year ending June 30, 2014.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
GENERAL
SCHEDULE OF RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Actual	Budget	Variance Over (Under)
Cash Receipts			
USD Contributions	\$ 2,672,000	\$ 2,672,000	\$ -
State Aid	6,451,726	6,180,000	271,726
Federal Aid	22,540	-	22,540
Medicare	380,784	328,341	52,443
Interest on Idle Funds	3,325	10,000	(6,675)
Other	102,510	-	102,510
	<u>9,632,885</u>	<u>\$ 9,190,341</u>	<u>\$ 442,544</u>
Expenditures			
Instruction			
Salaries and Benefits	6,777,206	\$ 6,996,540	\$ (219,334)
Support	131,179	273,477	(142,298)
Student Support			
Student Services	1,599,710	1,024,650	575,060
Instruction Staff	85,097	99,500	(14,403)
General Administration	810,629	767,408	43,221
Operations and Maintenance	267,128	400,805	(133,677)
Student Transportation	61,115	87,000	(25,885)
	<u>9,732,064</u>	<u>\$ 9,649,380</u>	<u>\$ 82,684</u>
Cash Receipts Over (Under)			
Expenditures	(99,179)		
Unencumbered Cash, July 1	2,500,034		
Prior Year Cancelled Encumbrances	<u>1,269</u>		
Unencumbered Cash, June 30	<u>\$ 2,402,124</u>		

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
FEDERAL FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Cash Receipts	
Federal Aid	
EHC Flow thru V1-B	\$ 1,409,224
EHC Discretionary	64,198
	<hr/>
Total Cash Receipts	1,473,422
	<hr/>
Expenditures	
Instruction	
Salaries and Benefits	1,429,235
Support	44,053
	<hr/>
Total Expenditures	1,473,288
	<hr/>
Cash Receipts Over (Under)	
Expenditures	134
Unencumbered Cash, July 1	(134)
Prior Year Cancelled Encumbrances	-
	<hr/>
Unencumbered Cash, June 30	\$ -
	<hr/> <hr/>

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
 PRE-K PILOT PROGRAM
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

Cash Receipts	
State Aid	<u>\$ 390,116</u>
Expenditures	
Instruction	
Salaries and Benefits	338,936
Support	<u>51,180</u>
Total Expenditures	<u>390,116</u>
Cash Receipts Over (Under)	
Expenditures	-
Unencumbered Cash, July 1	-
Prior Year Cancelled Encumbrances	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ -</u></u>

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
POWER PANTHER
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Cash Receipts	
Federal Aid	<u>\$ 12,025</u>
Expenditures	
Student Support Services	<u>19,085</u>
Cash Receipts Over (Under)	
Expenditures	(7,060)
Unencumbered Cash, July 1	7,125
Prior Year Cancelled Encumbrances	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ 65</u></u>

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
ELC GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Cash Receipts	
Private Grants	<u>\$ 71,538</u>
Expenditures	
Instruction	
Salaries and Benefits	84,211
Support	<u>10,784</u>
Total Expenditures	<u>94,995</u>
Cash Receipts Over (Under)	
Expenditures	(23,457)
Unencumbered Cash, July 1	-
Prior Year Cancelled Encumbrances	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ (23,457)</u></u>

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

	Federal CFDA Number	<u>Expenditures</u>
U.S Department of Education		
Passed through Kansas Department of Education		
Education of Handicapped Children - Discretionary	* 84.027	\$ 64,064
Education of Handicapped Children	* 84.027	1,311,270
Early Childhood Aid	* 84.173	<u>97,954</u>
Cluster Total		1,473,288
Meal Costs	10.558	22,540
Wellness Grant	10.579	<u>12,025</u>
Total		<u><u>\$ 1,507,853</u></u>

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

1. Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting, including encumbrances. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Encumbrances are included.

2. Reporting Entity

The South Central Kansas Special Education Cooperative for purposes of the Schedule of Expenditures of Federal Awards includes all funds of the Cooperative as defined in Note 1 of the Notes to The Financial Statement.

3. Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule 2 denoted with an asterisk (*) are determined by the independent auditor to be major programs.

4. Contingencies

The Cooperative receives funds under various federal grant programs and such awards are to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

There are no prior audit findings.

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Summary of Auditor's Results

1. The opinions expressed in the independent accounts' report were:
☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. The independent accountants' report on internal control over financial reporting described:
 Significant deficiency noted considered a material weakness? ☐ Yes ☒ No
 Significant deficiency noted that are not considered to be a material weakness ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No
4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency noted considered a material weakness? ☐ Yes ☒ No
 Significant deficiency noted that are not considered to be a material weakness? ☐ Yes ☒ No
5. The opinion expressed in the independent accounts' report on compliance with requirements applicable to major federal awards was:
☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed
6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No
7. The Organization's major programs were:

Cluster/Program	CFDA Number
Education of Handicapped Children	84.027
Early Childhood Aid	84.173
8. The threshold to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
 The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

Findings Required to be Reported by Government Auditing Standards

Reference Number	Findings	Questioned Costs
No findings required to be reported by Government Auditing Standards		

Findings Required to be Reported by OMB Circular A-133

Reference Number	Findings	Questioned Costs
No findings required to be reported by OMB Circular A-133.		

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2014

No corrective action plan is required since
there are no findings or questioned costs.